

Senate Bill No. 158

CHAPTER 103

An act to add Chapter 4.6 (commencing with Section 1070) to Part 3 of Division 2 of the Labor Code, relating to employment.

[Approved by Governor July 23, 2003. Filed with
Secretary of State July 23, 2003.]

LEGISLATIVE COUNSEL'S DIGEST

SB 158, Alarcon. Displaced public transit employees.

Existing law provides for a system of labor standards enforcement administered by the Labor Commissioner.

This bill would establish a bidding preference for public transit service contractors and subcontractors who agree to retain, for a period of at least 90 days, certain employees who were employed to perform essentially the same services by the previous contractor or subcontractor. Contractors or subcontractors who agree to retain employees under the bill's provisions must offer employment to those employees except for reasonable and substantiated cause, as specified. This bill would provide that if a successor contractor or subcontractor determines that fewer employees are needed than under the prior contract, qualified employees shall be retained by seniority within the job classification. This bill would require the existing contractor, when required by the awarding authority, to provide employment information relating to wage rates, benefits, dates of hire, and job classifications of employees under the existing service contract to the awarding authority or a successor contractor, as specified.

The people of the State of California do enact as follows:

SECTION 1. Chapter 4.6 (commencing with Section 1070) is added to Part 3 of Division 2 of the Labor Code, to read:

CHAPTER 4.6. PUBLIC TRANSIT SERVICE CONTRACTS

1070. The Legislature finds and declares all of the following:

(a) That when public transit agencies award contracts to operate bus and rail services to a new contractor, qualified employees of the prior contractor who are not reemployed by the successor contractor face significant economic dislocation as a result.

(b) That those displaced employees rely unnecessarily upon the unemployment insurance system, public social services, and health programs, increasing costs to these vital government programs and placing a significant burden upon both the government and the taxpayers.

(c) That it serves an important social purpose to establish incentives for contractors who bid public transit services contracts to retain qualified employees of the prior contractor to perform the same or similar work.

1071. The following definitions apply throughout this chapter:

(a) “Awarding authority” means any local government agency, including any city, county, special district, transit district, joint powers authority, or nonprofit corporation that awards or otherwise enters into contracts for public transit services performed within the State of California.

(b) “Bidder” means any person who submits a bid to an awarding agency for a public transit service contract or subcontract.

(c) “Contractor” means any person who enters into a public transit service contract with an awarding authority.

(d) “Employee” means any person who works for a contractor or subcontractor under a contract. “Employee” does not include an executive, administrative, or professional employee exempt from the payment of overtime compensation within the meaning of subdivision (a) of Section 515 or any person who is not an “employee” as defined under Section 2(3) of the National Labor Relations Act (29 U.S.C. Sec. 152(3)).

(e) “Person” means any individual, proprietorship, partnership, joint venture, corporation, limited liability company, trust, association, or other entity that may employ individuals or enter into contracts.

(f) “Public transit services” means the provision of passenger transportation services to the general public, including paratransit service.

(g) “Service contract” means any contract the principal purpose of which is to provide public transit services through the use of service employees.

(h) “Subcontractor” means any person who is not an employee who enters into a contract with a contractor to assist the contractor in performing a service contract.

1072. (a) A bidder shall declare as part of the bid for a service contract whether or not he or she will retain the employees of the prior contractor or subcontractor for a period of not less than 90 days.

(b) An awarding authority letting a service contract out to bid shall give a 10 percent preference to any bidder who agrees to retain the



employees of the prior contractor or subcontractor pursuant to subdivision (a).

(c) (1) If the awarding authority announces that it intends to let a service contract out to bid, the existing service contractor, within a reasonable time, shall provide to the awarding authority the number of employees who are performing services under the service contract and the wage rates, benefits, and job classifications of those employees. In addition, the existing service contractor shall make this information available to any entity that the awarding authority has identified as a bona fide bidder. If the successor service contract is awarded to a new contractor, the existing contractor shall provide the names, addresses, dates of hire, wages, benefit levels, and job classifications of employees to the successor contractor. The duties imposed by this subdivision shall be contained in all service contracts.

(2) A successor contractor or subcontractor who agrees to retain employees pursuant to subdivision (a) shall retain employees who have been employed by the prior contractor or subcontractors, except for reasonable and substantiated cause. That cause is limited to the particular employee's performance or conduct while working under the prior contract or the employee's failure of any controlled substances and alcohol test, physical examination, criminal background check required by law as a condition of employment, or other standard hiring qualification lawfully required by the successor contractor or subcontractor.

(3) The successor contractor or subcontractor shall make a written offer of employment to each employee to be rehired. That offer shall state the time within which the employee must accept that offer, but in no case less than 10 days. Nothing in this section requires the successor contractor or subcontractor to pay the same wages or offer the same benefits provided by the prior contractor or subcontractor.

(4) If, at any time, the successor contractor or subcontractor determines that fewer employees are required than were required under the prior contract or subcontract, he or she shall retain qualified employees by seniority within the job classification. In determining those employees who are qualified, the successor contractor or subcontractor may require an employee to possess any license that is required by law to operate the equipment that the employee will operate as an employee of the successor contractor or subcontractor.

1073. (a) An employee who was not offered employment or who has been discharged in violation of this chapter, or his or her agent, may bring an action against the successor contractor or subcontractor in any superior court having jurisdiction over the successor contractor or subcontractor. Upon finding a violation of this chapter, the court shall



order reinstatement to employment with the successor contractor or subcontractor and award backpay, including the value of benefits, for each day of violation. A violation of this chapter continues for each day that the successor contractor or subcontractor fails to employ the employee, within the period agreed to pursuant to Section 1072.

(b) The court may preliminarily or permanently enjoin the continued violation of this chapter.

(c) If the employee prevails in an action brought under this chapter, the court shall award the employee reasonable attorney's fees and costs as part of the costs recoverable.

1074. (a) Upon its own motion or upon the request of any member of the public, an awarding authority may terminate any service contract made pursuant to Section 1072 if both of the following occur:

(1) The contractor or subcontractor has substantially breached the contract.

(2) The awarding authority holds a public hearing within 30 days of the receipt of the request or its announcement of its intention to terminate.

(b) A contractor or subcontractor terminated pursuant to subdivision (a) shall be ineligible to bid on or be awarded a service contract or subcontract with that awarding authority for a period of not less than one year and not more than three years, to be determined by the awarding authority.

